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## ARRA Guidance Bulletin No. 1

TO: Agency Finance Directors

FROM: Statewide Accounting

SUBJECT: Procedures for Tracking American Recovery and Reinvestment Act Funds

DATE: March 9, 2009

The American Reinvestment and Recovery Act (ARRA) of 2009 requires that the State of South Carolina track and report all funds awarded to the State from the federal government as a result of this legislation. The reporting requirements include the total amount of recovery funds received, the amount of recovery funds received and obligated and expended to projects or activities, and unobligated balances to facilitate reconciliations.

This document explains policies agencies must follow to facilitate tracking ARRA funds received and expended by State agencies through the Comptroller General's STARS accounting system. Accounting for the funds properly will require that STARS have new subfunds set up for this purpose. The elements of the STARS subfund and subfund detail are explained in the following paragraphs.

- **STARS SUBFUND**

The data element in STARS best suited for tracking funding is the 4-digit subfund. The first character of the subfund is used to indicate whether funding is for General Fund (1), Earmarked Funds (3), Restricted Funds (4), or Federal Funds (5). It is expected that funding streams through ARRA will be designated as either Earmarked, Restricted, or Federal funds, and these could vary from agency to agency. The 3xxx subfunds are for funds that are received when any interest earned goes to the General Fund. The 4xxx subfunds are for funds that are received when any interest earned goes to the agency which "owns" the funds. The 5xxx subfunds are for funds that must be tracked through the Cash Management Improvement Act (CMIA). The CG's Office will use a range of

alphanumeric subfunds in all 3 categories (3xxx, 4xxx, 5xxx) to account for ARRA funds.

- STARS SUBFUND DETAIL

The last 3 digits of a STARS subfund is the “fund detail”. The fund detail the CG’s Office will use for tracking ARRA Funds will include “S” as the middle value and begin numbering with “1S1”. The next value for a fund detail will be “1S2”, “1S3”, etc. through “9S9”.

The subfunds used to track ARRA funds will be established as needed. Using agency responses to the questionnaire distributed on March 5, the CG’s Office will identify agencies that expect to receive ARRA funds and work with them to establish the needed subfunds. New subfunds in STARS will show up on existing Comptroller General reports and will be available to STARS agencies via those reports and the on-line inquiry system.

In order to properly account for and report on all ARRA funds the State of South Carolina receives, it is imperative that you contact the Comptroller General’s Accounting Division to determine the appropriate subfund to use for ARRA funds your agency receives:

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